

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 7434

BILL NUMBER: SB 447

NOTE PREPARED: Jan 8, 2009

BILL AMENDED:

SUBJECT: Vehicle Dealers and Franchises.

FIRST AUTHOR: Sen. Head

FIRST SPONSOR:

BILL STATUS: As Introduced

**FUNDS AFFECTED: X GENERAL
DEDICATED
FEDERAL**

IMPACT: State & Local

Summary of Legislation: This bill make it an unfair practice (for which the Secretary of State may revoke a state-issued license and an injured dealer may sue for compensatory damages or injunctive relief) for a vehicle manufacturer or distributor to perform certain acts with respect to a dealer without good cause, with the burden of proof on the existence of good cause being on the manufacturer or distributor. It makes it an unfair practice for a manufacturer or distributor, directly or indirectly, to impose unreasonable restrictions on a dealer or franchisee relative to certain business transactions among the parties. It makes it an unfair practice for a manufacturer, wholesaler, distributor, or franchisor to fail without good cause to renew a franchise on terms equally available to all dealers of the manufacturer, wholesaler, distributor, or franchisor, or to terminate a franchise or restrict the transfer of a franchise before the franchisee receives a fair and reasonable compensation for the value of the business and business premises.

Effective Date: July 1, 2009.

Explanation of State Expenditures:

Explanation of State Revenues: *Court Fee Revenue:* The impact on civil actions is indeterminable, and would depend upon the extent that injured dealers file suits for compensatory damages or injunctive relief regarding the unfair practice provisions in the bill. A civil costs fee of \$100 would be assessed when a civil case is filed, 70% of which would be deposited in the state General Fund if the case is filed in a court of record or 55% if the case is filed in a city or town court. In addition, some or all of the document storage fee (\$2), automated record keeping fee (\$7), judicial salaries fee (\$18), public defense administration fee (\$3), court administration fee (\$5), and the judicial insurance adjustment fee (\$1) are deposited into the state General Fund. Additional fees may be collected at the discretion of the judge and depending upon the

particular type of case.

Explanation of Local Expenditures:

Explanation of Local Revenues: *Court Fee Revenue:* If the number of civil actions filed is impacted, local governments would be impacted due to receiving revenue from the following sources. The county general fund would receive 27% of the \$100 civil costs fee that is assessed in a court of record. Cities and towns maintaining a law enforcement agency that prosecutes at least 50% of its ordinance violations in a court of record may receive 3% of court fees. If the case is filed in a city or town court, 20% of the court fee would be deposited in the county general fund and 25% would be deposited in the city or town general fund. Additional fees may be collected at the discretion of the judge and depending upon the particular type of case.

State Agencies Affected:

Local Agencies Affected:

Information Sources:

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